

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **盛源控股有限公司**

**SHENG YUAN HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 851)**

### **CONTINUING CONNECTED TRANSACTIONS** **(1) FINANCIAL ADVISORY SERVICES AGREEMENT** **AND** **(2) GENERAL ESCROW SERVICES AGREEMENT**

#### **FINANCIAL ADVISORY SERVICES AGREEMENT**

On 1 November 2023, Sheng Yuan Capital (a wholly-owned subsidiary of the Company) entered into the Financial Advisory Services Agreement with Yuanyin Finance, pursuant to which Sheng Yuan Capital will provide financial advisory services to Yuanyin Finance Group.

#### **GENERAL ESCROW SERVICES AGREEMENT**

On 1 November 2023, Yuanyin Finance and Sheng Yuan Securities (a wholly-owned subsidiary of the Company) entered into the General Escrow Services Agreement, pursuant to which Yuanyin Finance will engage Sheng Yuan Securities as its Escrow Agent to hold the Charged Shares in escrow on behalf of Yuanyin Finance and the Borrowers.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Yuanyin Holdings and its associates hold a total of 603,017,000 Shares, representing approximately 68.37% of the issued share capital of the Company and is a controlling Shareholder. Yuanyin Finance is a wholly-owned subsidiary of Yuanyin Holdings, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under each of the Financial Advisory Services Agreement and the General Escrow Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under each of the Financial Advisory Services Agreement and the General Escrow Services Agreement constitute a series of transactions entered into between the Group and the same connected person within a 12-month period and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As (i) all the applicable ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement on an aggregated basis are less than 25% and (ii) the aggregated annual caps for the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement are less than HKD10 million, the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## FINANCIAL ADVISORY SERVICES AGREEMENT

On 1 November 2023, Sheng Yuan Capital (a wholly-owned subsidiary of the Company) entered into the Financial Advisory Services Agreement with Yuanyin Finance, pursuant to which Sheng Yuan Capital will provide financial advisory services to Yuanyin Finance Group.

### 1. Principal Terms

The principal terms of the Financial Advisory Services Agreement are as follows:

Date : 1 November 2023

Parties : (1) Yuanyin Finance  
(2) Sheng Yuan Capital

Scope of services : Sheng Yuan Capital will provide financial advisory services in respect of:

- (i) realization of assets of Yuanyin Finance Group and negotiation with prospective purchasers regarding the disposal of such assets (where applicable) (the “**Asset Advisory Services**”);

- (ii) optimization of the capital structure of Yuanyin Finance Group through injection of equity investment and debt financing (the “**Capital Structure Advisory Services**”); and
- (iii) Yuanyin Finance Group’s compliance with the Listing Rules and relevant regulations in its course of business (the “**Compliance Advisory Services**”, together with the Asset Advisory Services and the Capital Structure Advisory Services, the “**Financial Advisory Services**”).

Term	:	For a term of three years commencing from the date of the Financial Advisory Services Agreement.
Service fees	:	<p>An aggregate maximum annual service fee of HKD8,000,000 for the Financial Advisory Services with reference to the progress of the respective project and the following standards:</p> <ul style="list-style-type: none"> <li>(i) in respect of the Asset Advisory Services, a maximum service fee of 2% of the cost of disposal of the relevant assets or 5% of the price of disposal of the relevant assets;</li> <li>(ii) in respect of the Capital Structure Advisory Services, a service fee of 2% to 5% of the value of the relevant equity investment or debt financing; and</li> <li>(iii) in respect of the Compliance Advisory Services, a service fee of HKD500,000 per project with a time span of approximately two weeks, subject to further adjustment with reference to the complexity of and workload involved in the project.</li> </ul>
Time of payment	:	The service fee for the relevant Financial Advisory Services shall be payable within five business days upon Yuanyin Finance’s receipt and confirmation of the payment notice issued by Sheng Yuan Capital, and in any event no later than the expiry of the Financial Advisory Services Agreement.

## 2. Proposed Annual Caps

The Group has not previously engaged in any transaction of provision of financial advisory services to Yuanyin Finance prior to the entering into of the Financial Advisory Services Agreement.

The table below sets out the respective proposed annual caps for the Financial Advisory Services Agreement:

For the period from			1 January 2026 to
1 November 2023 to	1 January 2024 to	1 January 2025 to	31 October 2026
31 December 2023	31 December 2024	31 December 2025	(the end of the
(HKD)	(HKD)	(HKD)	three-year period)
			(HKD)
1,333,333	8,000,000	8,000,000	6,666,667

## 3. Pricing Basis

The above proposed annual caps have been determined with reference to the service fees payable pursuant to the Financial Advisory Services Agreement, which in turn have been determined by the parties to the Financial Advisory Services Agreement after arm's length negotiations with reference to the followings:

- (i) in respect of the Asset Advisory Services, (a) the total value of the underlying assets involved in the provision of the Asset Advisory Services, (b) the annual advisory fee rate of 2% to 5%, which is in line with normal market terms for similar advisory services and (c) market price and no less favorable than those offered by Independent Third Party;
- (ii) in respect of the Capital Structure Advisory Services, (a) the estimated size of the investment and/or financing involved in the provision of the Capital Structure Advisory Services, (b) the annual advisory fee rate of 2% to 5%, which is in line with normal market terms for similar advisory services and (c) market price and no less favorable than those offered by Independent Third Party; and

(iii) in respect of the Compliance Advisory Services, (a) the nature of the services and workload involved in the provision of the Compliance Advisory Services, (b) an average fee of HKD500,000 per project with a time span of approximately two weeks, which is in line with normal market terms for similar advisory services and (c) market price and no less favorable than those offered by Independent Third Party.

## **GENERAL ESCROW SERVICES AGREEMENT**

On 1 November 2023, Yuanyin Finance and Sheng Yuan Securities (a wholly-owned subsidiary of the Company) entered into the General Escrow Services Agreement, pursuant to which Yuanyin Finance will engage Sheng Yuan Securities as its Escrow Agent to hold the Charged Shares in escrow on behalf of Yuanyin Finance and the Borrowers.

### **1. Principal Terms**

The principal terms of the General Escrow Services Agreement are as follows:

Date	:	1 November 2023
Parties	:	(1) Yuanyin Finance (2) Sheng Yuan Securities
Scope of services	:	In respect of each share charge entered into between Yuanyin Finance and the respective Borrower under the corresponding Loan Agreement, Yuanyin Finance and the Borrower will enter into a separate escrow and custodian agreement (the “ <b>Escrow and Custodian Agreement</b> ”) with Sheng Yuan Securities, pursuant to which Yuanyin Finance and the Borrower will jointly engage Sheng Yuan Securities as their Escrow Agent to hold the Charged Shares in escrow in accordance with the terms and conditions of such Escrow and Custodian Agreement. Yuanyin Finance may enter into a maximum of 20 Escrow and Custodian Agreements with Sheng Yuan Securities for each twelve-month period during the term of the General Escrow Services Agreement.
Term	:	For a term of three years commencing from the date of the General Escrow Services Agreement.
Service fees	:	A monthly service fee of HKD150,000.

- Time of payment : (1) The service fee for the period from 1 November 2023 to 31 December 2023 (being a total fee of HKD300,000) shall be payable upon the execution of the General Escrow Services Agreement; and
- (2) the service fee for the year ending 31 December 2024 (being a total fee of HKD1,800,000), the year ending 31 December 2025 (being a total fee of HKD1,800,000) and the period from 1 January 2026 to 31 October 2026 (being a total fee of HKD1,500,000) shall be payable upon each subsequent anniversary of the date of the General Escrow Services Agreement respectively.

## 2. Proposed Annual Caps

The Group has not previously engaged in any transaction of provision of escrow services to Yuanyin Finance prior to the entering into of the General Escrow Services Agreement.

The table below sets out the respective proposed annual caps for the General Escrow Services Agreement:

<b>For the period from</b>				<b>1 January 2026 to 31 October 2026 (the end of the three-year period)</b>
<b>1 November 2023 to 31 December 2023 (HKD)</b>	<b>1 January 2024 to 31 December 2024 (HKD)</b>	<b>1 January 2025 to 31 December 2025 (HKD)</b>		
300,000	1,800,000	1,800,000	1,500,000	

## 3. Pricing Basis

The above proposed annual caps have been determined with reference to the escrow fees payable pursuant to the General Escrow Services Agreement, which in turn have been determined by the parties to the General Escrow Services Agreement after arm's length negotiations with reference to (i) the estimated total number of Loan Agreements which would require the provision of Escrow Services for the period from 1 November 2023 to 31 October 2026; (ii) the monthly escrow fee of an average of

HKD10,000 per Escrow and Custodian Agreement, which is in line with normal market terms for similar escrow services; and (iii) market price and no less favorable than those offered by Independent Third Party.

**AGGREGATED PROPOSED ANNUAL CAPS FOR THE FINANCIAL ADVISORY SERVICES AGREEMENT AND THE GENERAL ESCROW SERVICES AGREEMENT**

The table below sets out the respective proposed annual caps for the Financial Advisory Services Agreement and the General Escrow Services Agreement on an aggregated basis:

<b>For the period from</b>			
<b>1 November 2023 to 31 December 2023 (HKD)</b>	<b>1 January 2024 to 31 December 2024 (HKD)</b>	<b>1 January 2025 to 31 December 2025 (HKD)</b>	<b>1 January 2026 to 31 October 2026 (the end of the three-year period) (HKD)</b>
1,633,333	9,800,000	9,800,000	8,166,667

**REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL ADVISORY SERVICES AGREEMENT AND THE GENERAL ESCROW SERVICES AGREEMENT**

The Directors consider that the entering into of the Financial Advisory Services Agreement will allow the Group to leverage on the extensive financial advisory capabilities of the advisory team at Sheng Yuan Capital and is in line with the Company's objective to increase revenue generated from the financial advisory business of the Group and to diversify its sources of revenue.

The Directors consider that the entering into of the General Escrow Services Agreement will allow the Group to leverage on the securities custodian and escrow service capabilities of Sheng Yuan Securities and is in line with the Company's objective to increase revenue generated from the securities brokerage and financial services business of the Group and to diversify its sources of revenue.

The Directors (including the independent non-executive Directors) are of the view that the Financial Advisory Services Agreement and the General Escrow Services Agreement have been entered into on normal commercial terms in the ordinary and usual course of business of the Group after arm's length negotiations between the parties thereto, and the terms of

the transactions contemplated thereunder, together with their respective proposed annual caps for the period from 1 November 2023 to 31 October 2026, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As of the date of this announcement, Mr. Zhou Quan and Mr. Zhao Yun, who are executive Directors, are also a director of Yuanyin International Limited (a wholly-owned subsidiary of Yuanyin Holdings) and a director of Yuanyin Holdings respectively. Mr. Huang Shuanggang, who is a non-executive Director, is also a director of Yuanyin Holdings and indirectly holds approximately 15.87% of the shares in Yuanyin Holdings. As such, each of Mr. Zhou Quan, Mr. Zhao Yun and Mr. Huang Shuanggang was deemed to have a material interest in, and they have abstained from voting on, the resolutions passed by the Board to approve the Financial Advisory Services Agreement and the General Escrow Services Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in, or is required to abstain from voting on the resolutions passed by the Board to approve the Financial Advisory Services Agreement and the General Escrow Services Agreement and the transactions contemplated thereunder.

#### **PRICING APPROVAL AND SUPERVISION OF THE FINANCIAL ADVISORY SERVICES AGREEMENT AND THE GENERAL ESCROW SERVICES AGREEMENT**

To ensure the terms of the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement are on normal commercial terms or on terms no less favorable to the Group compared to those of Independent Third Parties, the Group has adopted a series of pricing approval and supervision policies. The major policies include the following:

- (1) The Group has established internal guidelines and policies for continuing connected transactions, which set out the procedural requirements for internal approval, subsequent supervision and record keeping of continuing connected transactions.
- (2) According to the above internal guidelines and policies, the Group shall adopt the same pricing policies in respect of provision of financial advisory services and escrow services to customers who are connected persons of the Group and Independent Third Parties respectively.
- (3) The Company has designated responsible staff to record and conduct review on the actual transaction amounts incurred, and the transaction prices and terms implemented under the Financial Advisory Services Agreement and the General Escrow Services Agreement on regular basis (including annual and interim review) and ad hoc basis where appropriate to ensure that the Group has duly complied with all applicable requirements (including annual caps) under the Listing Rules.



- (4) The independent non-executive Directors and the external auditors of the Company shall review the continuing connected transactions annually and confirm due compliance with the applicable Listing Rules in the annual report of the Company.

## **INFORMATION ON THE GROUP, SHENG YUAN CAPITAL, SHENG YUAN SECURITIES, YUANYIN FINANCE AND YUANYIN HOLDINGS**

### **The Group**

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group is principally engaged in the provision of securities brokerage and financial services, asset management services, proprietary trading and trading business.

### **Sheng Yuan Capital**

Sheng Yuan Capital is a limited liability company incorporated in Hong Kong. Sheng Yuan Capital is licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO and is principally engaged in the provision of corporate advisory services. Sheng Yuan Capital is a wholly-owned subsidiary of the Company.

### **Sheng Yuan Securities**

Sheng Yuan Securities is a limited liability company incorporated in Hong Kong. Sheng Yuan Securities is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 4 (advising on securities) regulated activities under the SFO and is principally engaged in the provision of underwriting and placing services in equity and debt capital transactions, securities and futures brokerage services for securities, futures and options contracts, margin financing services, and custodian and handling services for client accounts on securities, futures, and options contracts. Sheng Yuan Securities is a wholly-owned subsidiary of the Company.

### **Yuanyin Finance**

Yuanyin Finance is a limited liability company incorporated in Hong Kong and is principally engaged in the business of facilitating financing for corporate and individual clients. Yuanyin Finance is a wholly-owned subsidiary of Yuanyin Holdings.

### **Yuanyin Holdings**

Yuanyin Holdings is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding which includes its capital investment in its subsidiaries and its investment in stocks and funds, including its investment holding in the Company. Yuanyin Holdings does not have any controlling shareholder, and is ultimately

owned by investors including Mr. Ma Baojun (馬寶軍), Mr. Xu Dajiang (許大江), Mr. Ma Jie (馬捷), Mr. Huang Shuanggang (黃雙剛) (a non-executive Director), Mr. Jiao Yunlei (焦雲雷), Mr. Fu Qinglin (付慶林), Mr. Liu Zhenjiang (劉鎮江), Mr. Chen Xingming (陳星明), Mr. Li Jie (李杰), Mr. Cong Lin (叢林) and Mr. Zhang Chunmin (張春敏).

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Yuanyin Holdings and its associates hold a total of 603,017,000 Shares, representing approximately 68.37% of the issued share capital of the Company and is a controlling Shareholder. Yuanyin Finance is a wholly-owned subsidiary of Yuanyin Holdings, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under each of the Financial Advisory Services Agreement and the General Escrow Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under each of the Financial Advisory Services Agreement and the General Escrow Services Agreement constitute a series of transactions entered into between the Group and the same connected person within a 12-month period and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As (i) all the applicable ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement on an aggregated basis are less than 25% and (ii) the aggregated annual caps for the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement are less than HKD10 million, the transactions contemplated under the Financial Advisory Services Agreement and the General Escrow Services Agreement are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Asset Advisory Services”	has the meaning ascribed thereto in the section headed “Financial Advisory Services Agreement — 1. Principal Terms” in this announcement
“Board”	the board of Directors

“Borrower(s)”	Borrower(s) of Yuanyin Finance under the respective Loan Agreement, who shall provide a share charge in favour of Yuanyin Finance to secure the performance of his/her/its obligation under such Loan Agreement
“Capital Structure Advisory Services”	has the meaning ascribed thereto in the section headed “Financial Advisory Services Agreement — 1. Principal Terms” in this announcement
“Charged Shares”	the shares to be charged by the respective Borrower in favor of Yuanyin Finance in order to secure the performance of obligations by such Borrower under the respective Loan Agreement
“Company”	Sheng Yuan Holdings Limited, a company incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange (stock code: 851)
“Compliance Advisory Services”	has the meaning ascribed thereto in the section headed “Financial Advisory Services Agreement — 1. Principal Terms” in this announcement
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Escrow Agent”	Sheng Yuan Securities, being the escrow agent in respect of the General Escrow Services Agreement
“Escrow and Custodian Agreement”	has the meaning ascribed thereto in the section headed “General Escrow Services Agreement — 1. Principal Terms” in this announcement
“Escrow Service”	the services to be provided by the Escrow Agent regarding the holding of the Charged Shares in escrow on behalf of the Borrower(s) and Yuanyin Finance
“Financial Advisory Services”	has the meaning ascribed thereto in the section headed “Financial Advisory Services Agreement — 1. Principal Terms” in this announcement

“Financial Advisory Services Agreement”	the Financial Advisory Services Agreement dated 1 November 2023 entered into between Sheng Yuan Capital and Yuanyin Finance in respect of the provision of financial advisory services by Sheng Yuan Capital, the details of which are set out in this announcement
“General Escrow Services Agreement”	the general escrow services agreement dated 1 November 2023 entered into between Yuanyin Finance and Sheng Yuan Securities in respect of the provision of escrow services by Sheng Yuan Securities, the details of which are set out in this announcement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person or entity who is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Agreement(s)”	respective loan agreement to be entered into between Yuanyin Finance and the Borrower which sets out the terms and conditions pursuant to which Yuanyin Finance (as the lender) will provide loan facility to the Borrower
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sheng Yuan Capital”	Sheng Yuan Capital (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Sheng Yuan Securities”	Sheng Yuan Securities Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Yuanyin Finance”	Yuanyin Finance Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Yuanyin Holdings
“Yuanyin Finance Group”	Yuanyin Finance and its associated companies
“Yuanyin Holdings”	Yuanyin Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a controlling Shareholder
“%”	per cent

By order of the Board  
**Sheng Yuan Holdings Limited**  
**Zhou Quan**  
*Executive Director*

Hong Kong, 1 November 2023

*As at the date of this announcement, the Board consists of Mr. Zhou Quan and Mr. Zhao Yun (both being executive Directors), Mr. Huang Shuanggang (being a non-executive Director), Mr. Zhang Jinfan, Ms. Huang Qin and Mr. Guo Yaoli (all being independent non-executive Directors).*